

Finance Committee October 2014 Recommendations

Special Town Meeting Recommendations

Article		Yea	Na	Abstain
1	NOT recommend Article 1	6	1	
2	Recommend \$20,000 from Health Insurance 01-914-5173-019	7	0	
3	Recommend \$7,961.17 from Health Insurance 01-914-5173-019	7	0	
4	Recommend \$1,206.55 from raise and appropriate	7	0	
5	Recommend \$15,000 from Ambulance retained earnings	7	0	
6	Recommend \$4,500 from Ambulance retained earnings	7	0	
7	Recommend \$73,700 from raise and appropriate	7	0	
8	Recommend \$8,705.35 from Health Insurance 01-914-5173-019	7	0	
10	Recommend \$19,221.19 from Health Insurance 01-914-5173-021	5	2	
11	Recommend authorizing borrowing \$203,836.65, net to be \$122,200.65	7	0	
12	Recommend NO ACTION, per school committee vote	7	0	
13	Recommend to raise maximum salary for Principal Assessor	5	2	
14	Recommend authorizing borrowing to fund new Prek-12 Facility	6	0	1
15	No Action, Free Cash not certified yet	7	0	
16	No Action, Free Cash not certified yet	7	0	
17	No Action, Free Cash not certified yet	7	0	

Free Cash Policy FinCom (updated 1/13/2014)

The Finance Committee has three main goals in regards to Holbrook Free Cash.

1. Keep a minimum balance as Free Cash, to help ensure positive free cash moving forward and to avoid possible future deficits in Free Cash.
2. Pay off prior year deficits, allowing new fiscal year revenues (taxes) to pay for future spending.
3. Generate a healthy fiscally responsible Stabilization fund reserves, of 5%-10% of budget.

The Finance Committee adopts the following policy:

In any year when positive Free Cash is certified, \$100k or 25%, whichever is greater, of the amount certified shall remain as free cash. Any remaining amount of Free Cash, up to the total of prior year deficits not already funded, shall be applied to offset those prior year deficits. Any further remaining Free Cash shall be applied as 60% allocated to General Stabilization Fund, 30% to the Capital Improvement Stabilization Fund, and 10% to the OPEB trust fund.

Basis of Finance Committee Support for Construction of a New PreK-12 School (STM Article 14)

- Finance Committee reviewed data presented by project management consultants retained by Town.
- Three existing schools are 50 years old or older and in need of extensive repairs.
- Cost to repair 3 existing schools estimated at \$78.5m, Holbrook taxpayers would fund total repairs.
- Cost to construct a new PreK-12 facility, with contingency, at \$102.9 million.
- Town will receive \$55.7 million from (MSBA) for a new K-12 facility to replace 3 existing schools.
- \$47.2 million (\$102.9 million minus \$55.7 million) would be the responsibility of Holbrook taxpayers.
- Taxpayer cost would be funded through long-term borrowing for 25 years
- Estimated residential tax increase is \$706.78/year for average home value of \$231,800.
- New school would provide additional benefits, including:
 - "21st century educational spaces"
 - Avoid the loss of high school accreditation
 - Better opportunities for Special Education inclusion
 - Accommodates possible future Regionalization at no cost to Holbrook

Finance Committee is concerned about future costs to operate and maintain the facility over its estimated 50-year useful life. Finance Committee recommends that School Committee and Permanent School Building Committee collaborate to prepare an Annual Operation and Maintenance Plan for the new school. This plan should be submitted at the time the School Budget is submitted and include specific procedures and associated costs needed to operate and maintain the facility properly.